



# Department of Justice

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## **FORMER MORTGAGE BROKER PLEADS GUILTY TO FRAUD**

CINCINNATI – James Mahoney, age 57, of Mason pleaded guilty in United States District Court here today to one count of mail fraud affecting a financial institution in connection with his purchase of more than \$2.3 million in real estate.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation, Cincinnati Field Division, Gerald A. O'Farrell, Assistant Inspector in Charge, U.S. Postal Inspection Service, and Jon Rymer, Inspector General, Federal Deposit Insurance Corporation, announced the plea entered today before Senior U.S. District Judge Herman Weber.

According to a statement of facts filed with Mahoney's plea, he kept \$730,000 from the sale of his house in Middletown in 2001 instead of paying off his mortgage and concealed the fact with a fraudulent "Satisfaction of Mortgage" document. In 2006, Mahoney secured a loan for \$1,625,000 to buy a house in Butler County. He again created a fraudulent document when he refinanced the loan and kept the money instead of paying off his earlier loan.

For at least the last 15 years Mahoney has worked in various aspects of the residential real estate lending business, having been employed by lending institutions and operating his own business.

"Mahoney admitted using his knowledge of the real estate business and his employment position to commit fraud," Lockhart said.

Mail fraud affecting a financial institution is punishable in by up to 30 years imprisonment and a fine of twice the amount of gain or loss, which in this case could be more than \$4.6 million.

Judge Weber set a sentencing hearing for January 28, 2009.

Lockhart commended the cooperative investigation by FBI agents, postal inspectors and investigators with the FDIC, and Assistant U.S. Attorney J. Richard Chema, who is prosecuting the case.

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